



## Building a Values-Driven Organization

### A Whole-System Approach to Cultural Transformation

This paper is an extract from the book, *Building a Values-Driven Organization: A Whole-System Approach to Cultural Transformation* published in March 2006 by Butterworth-Heinemann.

## Background

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My purpose in writing this book is to develop and build on the ideas contained in *Liberating the Corporate Soul: Building a Visionary Organization*<sup>1</sup> published in 1998. The basic premise of *Liberating the Corporate Soul* was that the most successful organizations on the planet are vision-guided and values-driven. The results of mapping the values of more than 500 companies in 35 countries since 1997 support this premise – values-driven companies are without a doubt, the most successful companies on the planet. Many other researchers also support this conclusion<sup>2, 3, 4</sup>. Therefore, I shall not spend much time on making this case. Rather, I prefer to take this opportunity to draw upon our own<sup>i</sup> experiences and the vast amount of data we have collected over the past eight years to describe the key characteristics of values-driven organizations and explain how to build a values-driven organization.

There are many new ideas in *Building a Values-Driven Organization* that have not previously been published and cannot be found in mainstream management or organizational development literature. Examples include the concepts of cultural resilience<sup>ii</sup> and cultural entropy<sup>iii</sup>, the five modes of decision-making, and the integration of mature and emergent technologies into a comprehensive methodological framework for whole system change.

In my opinion, the two most important topics explored in this book are:

- a) A whole system or “integral” approach to cultural transformation; and
- b) Values management – measuring, monitoring and responding to internal indicators of performance (values and behaviors) to adjust the culture of an organization so that it is able to sustain high performance and mission assurance.<sup>iv</sup>



## Whole System Approach to Cultural Transformation

<sup>i</sup> Barrett Values Centre

<sup>ii</sup> **Cultural resilience** is defined as the ability of an organization or any human system to withstand shocks and remain sustainable under prolonged conditions of duress.

<sup>iii</sup> **Cultural entropy** is defined as the proportion of energy in an organization or any human system that is consumed by non-productive activities such as bureaucracy, internal competition, empire building etc.

<sup>iv</sup> **Mission assurance** is defined as the ability of an organization to deliver high quality products or services under all operating conditions. This is important for both corporations and public sector services.

The concept of whole-system change described in this book is based on the work of Ken Wilber.<sup>5</sup> I have modified this model to give more focus to values and beliefs, and actions and behaviors of individuals and the collective. The interactions that take place in all human systems – groups, organizations, and nations – can be described by the four quadrants shown in Figure 1.

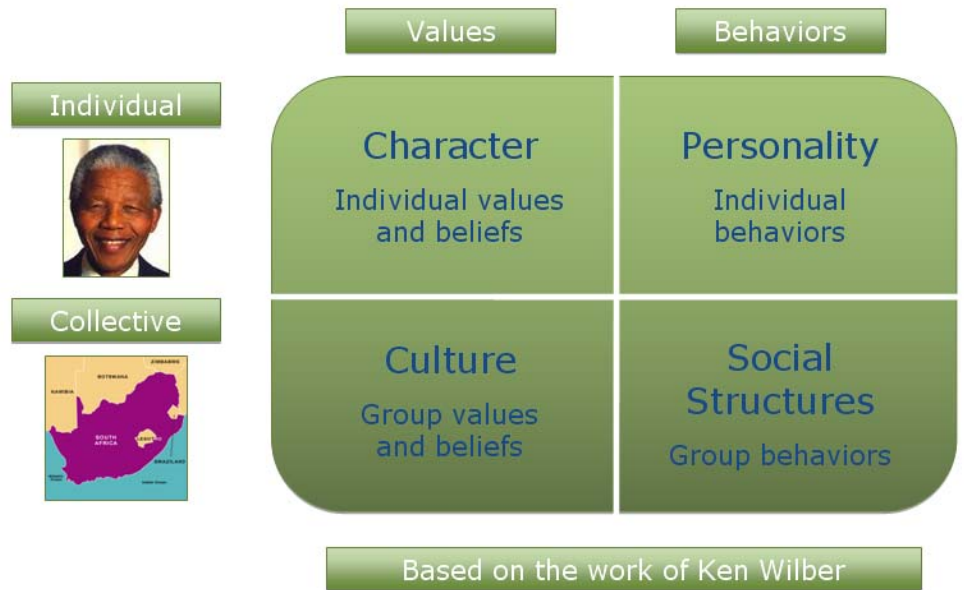
- What is occurring in the consciousness of the individual is exemplified by the individual's personality – upper left quadrant.
- What is occurring in the consciousness of the collective is exemplified by the group culture – lower left quadrant.
- The outward manifestation of the consciousness of the individual in the form of personal actions and behaviors is exemplified by the individual's character – upper right quadrant.
- The outward manifestation of the consciousness of the collective in the form of group actions and behaviors is exemplified by the collective's societal structures – lower right quadrant.



# Whole System Approach to Cultural Transformation



## Human Systems – Four Quadrants



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1

The internal dimensions are the realms of the mind and its motivations – the values, beliefs and thoughts that comprise the personality of the individual and the values and beliefs that comprise the culture of the collective. This is the realm of consciousness. What is internal cannot be seen or observed; it can only be deduced by observing behaviors. These are the causal factors in all decision making in all human systems.

The external dimensions are the realms of actions and behaviors. Actions and behaviors are driven by the conscious or subconscious motivations of an individual or a group, and their motivations are driven by their perceived needs. Thus, all values and behaviors are related to needs, and all needs are related to specific levels of consciousness. What is external is the outward manifestation of the internal, and can be readily seen or observed.

When there is concordance between the stated values and beliefs of an individual or group and the actions and behaviors of the individual or group, there is authenticity and integrity. Where there is authenticity and integrity, there is a solid foundation for trust. The level of trust that exists in any human group structure, as Francis Fukuyama points out, is the single most pervasive characteristic for the creation of successful groups.<sup>6</sup>



## Whole System Approach to Cultural Transformation

We call this alignment between what we say and what we do “walking the talk” because as outside observers the only way we know what is going on internally in others is what they tell us. If the actions and behaviors of individuals or groups are in alignment with the values and beliefs that they tell us they espouse, then we consider this person or group to operate with authenticity or integrity. When the actions and behaviors of individuals or groups are not in concordance, there is a lack of authenticity and integrity and there is no foundation for trust.

For the purposes of explaining the concept of Whole-system Change, I propose the following definitions.

**Personal Alignment:** The alignment of an individual’s values and beliefs with his or her actions and behaviors - authenticity.

**Structural Alignment:** The alignment of a group’s values and beliefs with their actions and behaviors as codified in the collective rules, laws, and processes and structures of governance – integrity.

**Values Alignment:** The alignment of an individual’s values with the group’s values.

**Mission Alignment:** The alignment of an individual’s sense of purpose or mission with the group’s stated purpose or mission.

Values alignment and mission alignment together create group cohesion.

Figure 1 shows how these four types of alignment are superimposed on the four quadrant matrix, where the internal dimensions are represented by values and beliefs and the external dimensions are represented by actions and behaviors.

For whole-system change to occur there must be a parallel shift in personal alignment, structural alignment, values alignment, and mission alignment. All four relationships must change in the same direction for the group to experience a shift in consciousness. When all four relationships change in the same direction, then the group finds a new level of internal stability and external equilibrium at a higher level of consciousness.

For example, when the results of a culture assessment show that an organization or group is operating from levels 1, 2 and 3 of consciousness, and the desired culture shows that they want to shift to level 4, then there must be a parallel shift in the values, beliefs, actions and behaviors of individuals, and in the values, beliefs, actions and behaviors of the organization for this shift to occur. The shift to level 4 consciousness requires a recalibration of both the individual and collective values and beliefs,



# Whole System Approach to Cultural Transformation

particularly the values and beliefs of the leaders, and the values and beliefs of the group as they are expressed through the group's rules, regulations and codes of conduct as well as the systems, processes and procedures.

The way we bring about such a change in an organization is through workshops, seminars and training programs that focus on personal alignment and group cohesion (values alignment and mission alignment), and structural alignment – changes to the rules, regulations, systems, processes, and structures of governance that reflect the values and behaviors of the new level of consciousness. Mistakes are often made in cultural transformation programs because these interdependencies are not well understood.

## Common Mistakes

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### **MISTAKE # 1: FOCUS ON PERSONAL ALIGNMENT ONLY**

Many organizations focus on personal alignment without doing anything about structural alignment. This serves only to aggravate the situation. Managers and employees who have experienced a personal alignment program shift to a higher level of personal consciousness while the rules, regulations and systems and processes of the organization still reflect the old level of consciousness. This just serves to increase the overall level of frustration in the organization.

### **MISTAKE # 2: FOCUS ON GROUP COHESION ONLY**

Another frequent mistake is focusing on group cohesion (team building) without first carrying out a personal alignment program. This limits the potential for success of the group cohesion program because people enter these programs without self-understanding or strong interpersonal skills. We want employees to come into a group cohesion program having already experienced a shift in consciousness. Therefore, for maximum impact, personal alignment should precede group cohesion, and structural alignment should either precede personal alignment or be implemented in parallel. When this happens organizations can shift smoothly to a new level of consciousness.

### **MISTAKE # 3: FAILURE TO CUSTOMIZE THE PERSONAL ALIGNMENT AND GROUP COHESION PROGRAMS**

The most frequent mistake is to use "off-the-shelf" personal alignment or group cohesion programs. All personal alignment and group cohesion programs need to be customized to the client situation for optimum results. "Cookie-cutter" personal alignment or team-building programs are potential recipes for failure.



# Whole System Approach to Cultural Transformation

The personal alignment and group cohesion programs should be tailored to correspond to the levels of consciousness and worldviews of the group. The Seven Levels of Consciousness Model and Spiral Dynamics Model provide the necessary insights to design such programs. The cultural values assessment survey tells you exactly where the group is and where it wants to go in terms of values and levels of consciousness. The Spiral Dynamics assessment tells you where the group is with regard to its worldviews. These understandings are particularly important in choosing the implementation methodologies that are appropriate for the personal alignment and group cohesion programs.

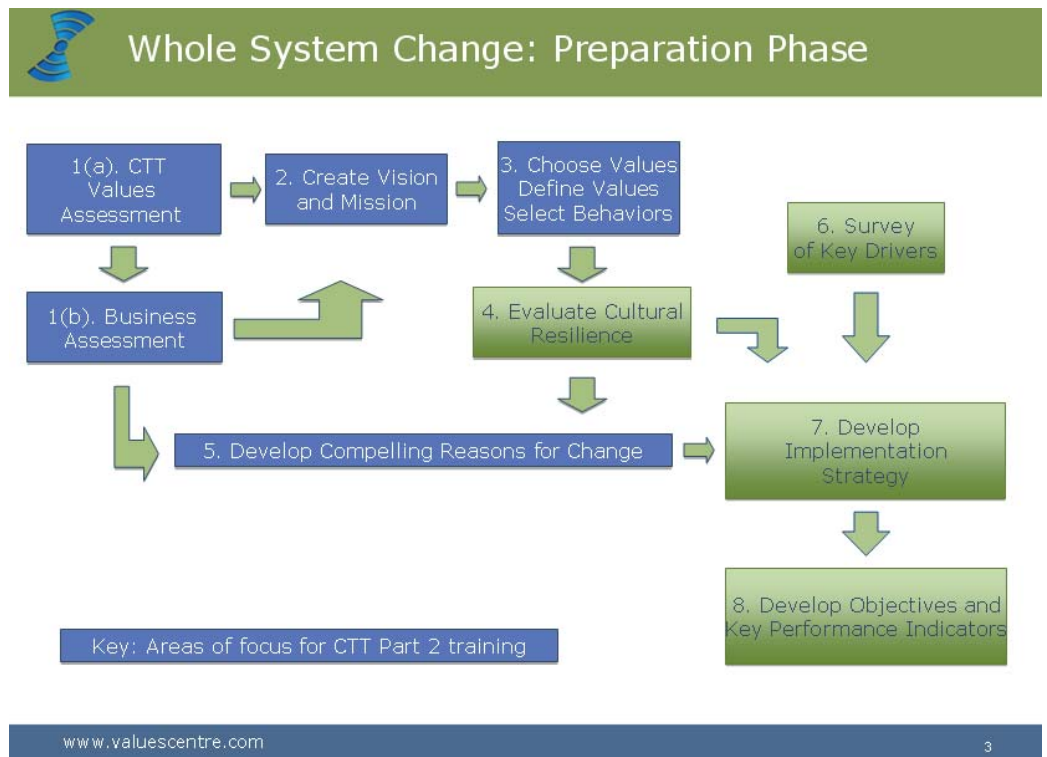
## Implementing Whole-System Change

The framework for Whole System Change can be divided into two phases:

**Phase 1: Preparation**

**Phase 2: Implementation**

The preparation phase (see Figure 2) culminates in the definition of a strategy for the implementation of a whole system change program and the identification of the objectives and key performance indicators that will be used to measure the success of the program.





## Preparation Phase

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### STEP 1(A): CT TOOLS VALUES ASSESSMENT

The first step in the whole system change preparation phase is to carry out a company-wide values assessment to identify employees' personal values, their perception of the current culture values and their desired culture values. This is known as the baseline assessment. The process should begin by mapping the values of the leadership group and their direct reports, and getting the commitment of the leadership group to behavioral change. The rest of the company is then surveyed. The values survey should include demographics such as position, business unit, location, and if appropriate gender, age, ethnicity, length of service, etc. The cultural values assessment will identify opportunities and obstacles to cultural change and provide guidance in the development of personal alignment, group cohesion and structural alignment programs. It will also provide assistance in identifying the key performance indicators that will be used for values-management. For example, an organization that suffers from poor internal relationships might focus on building trust; an organization that is having difficulty producing ideas for new products or services might focus on encouraging creativity. In these cases "trust" and "creativity" would become key performance indicators in the process of values-management.

### STEP 1 (B): BUSINESS ASSESSMENT

In developing the compelling reasons for change (Step 5), it will be important to include the business case for change as well as the cultural case for change. The two, of course, are intimately linked. Usually, the business case for change is blatantly obvious from the financial results of the organization or key performance indicators such as employee retention, market share and customer satisfaction. What is important in making the case for cultural change is to draw the link between outcome measures such as profitability and causal measures such as cultural alignment or cultural entropy. The cultural values assessment will help to make this link. It not only identifies the "causal" reasons *why* earnings or productivity are low, *why* people find it difficult to be creative, and *why* performance is under par, it also provides quantitative measures related to these causes.

### STEP 2: CREATE VISION AND MISSION

The purpose of this step is to give direction to the change process. We frequently find that organizations either pay no attention to their vision or mission statements or simply do not have them. If the organization does not have a vision and mission then this is an opportunity to create one. If the organization does have a vision and mission, then this is an opportunity to



## Whole System Approach to Cultural Transformation

revisit it. Often the vision and mission were created years earlier by a completely different team operating under different market conditions. The purpose of revisiting the vision and mission is to make sure it is still relevant and inspiring to the leadership group, the executive population, managers and staff. The process we normally use for revisiting the vision and mission or designing a new one for an organization is the Four Whys process. This process is described in detail in *Liberating the Corporate Soul*.<sup>7</sup> If the leadership team is willing to involve the whole organization in this process Appreciative Inquiry can be used for this purpose.

The Four Whys process begins with the leadership group. There are three basic inputs to the process; a) the results of the cultural values assessment, b) the core motivations of the leadership group; and c) the definition of the core business. The results of the cultural values assessment provide input from the employee population about what is working and not working in the current culture. The core motivations of the leadership group are developed through a simple process of finding out each member's deepest motivation for coming to work, and then finding out what motivations the group has in common. The definition of the core business is arrived at by simply asking all members of the leadership group to write down what they believe is the core business of the group. The results are often fragmented and not sufficiently focused to give the group a clear intention. Agreement on the core business is essential before moving on. One of the ways to get at the core business is define the organization's principal economic engine – what is it that the organization does that is the main wealth/profit creating activity? Once the core business is clarified, the core motivations are known, and the most important current and desired culture values are identified, it is relatively simple to build an inspiring vision and mission using the Four Whys process.

The uniqueness of the Four Whys Process is that it defines an internal vision and mission, as well as an external vision and mission. It separates the organization's purpose from its character – what it does in the world, from its way of being. The *internal mission* describes how the organization is going to grow and develop internally. The *internal vision* describes what the organization will look like in 5 – 10 years. The *external mission* describes what the organization does for its customers. The *external vision* describes the impact that the organization wants to have on society.

The external vision declares the organization's intention with regard to the external world and the internal vision declares its intention with regard to its internal world.

The vision and mission statements should be concise, inclusive and easily memorized. They should reflect the interest of all stakeholders – employees, customers, the local community or nation, and shareholders.



## Whole System Approach to Cultural Transformation

The vision statement(s) declare the organization's intention with regard to the future it wants to create: it describes the "end" or what the "destination" looks like. The mission statement(s) on the other hand describe the "means" to the end – what the organization needs to focus on to get to the destination. The vision statement(s) can be characterized as, "this is where we are going," and the mission statement(s) can be characterized as, "this is what is absolutely essential for us to concentrate on or look out for in order to achieve our vision."

The real purpose of the vision and mission is to galvanize the intentions of each individual in the organization around the same purpose. Leaders, managers and employees should have a clear line of sight between their sense of personal mission and the overall vision of the company. Every employee should know how he or she makes a difference to the bottom line of the organization and/or its mission assurance – its ability to deliver its primary services. This alignment of purpose generates a strong sense of commitment. Work becomes meaningful, and employees look forward to getting to work. People do not begrudge going the extra mile if their hearts and souls are aligned with what they do and the culture supports them in fulfilling their purpose.

Ultimately, the vision, mission and values are guides to decision-making. They are constant reminders, for the organization and for each individual, about the outcomes the organization wants to manifest. They are future-oriented. By keeping the vision, mission and values constantly in focus, the organization creates a decision-making framework that is self-fulfilling. The organization consciously creates the future it wants to experience. As Collins and Porras point out in *Built to Last: Successful Habits of Visionary Companies*,<sup>8</sup> the distinguishing feature of long-lasting successful companies is that they use their vision, mission and values to guide decision-making.

This is not how most organizations operate. They either do not have a vision and mission or if they do, they are not used to guide decision-making. They are simply platitudes that are referred to when convenient or things to do that once done can be ticked off and forgotten as the organization moves its attention to the next task.

### **STEP 3: CHOOSE VALUES AND SELECT BEHAVIORS**

The values of an organization serve three purposes – they provide guidelines for acceptable and unacceptable behaviors, they support the organization in creating the future it wants to experience, and they provide direction in decision-making.



## Whole System Approach to Cultural Transformation

One of our clients has developed two categories of values – cornerstone values and operational values. The cornerstone values are the values that they regard as vital for the business to be successful. For example, an oil company might have profit, employee safety and environmental awareness as cornerstone values. These are non-negotiable values that they regard as fundamental for the successful running of their business. Cornerstone values can also be described as the principles or ideals. Sometimes they are expressed in the form of a credo. Operational values, on the other hand, are values that emphasize how people work together (trust, openness, fairness) and what is important on a day-to-day basis (cost reduction, quality and productivity).

The process of choosing values should not be rushed. The values will become the “guidelines” or “rules” for decision-making in the organization. Values that are shared build trust and create community. They create cohesion and a sense of unity. The results of the cultural values assessment provide significant insights as to what values leaders, managers and employees consider important. For organizations operating from the lower levels of consciousness (levels 1, 2 and 3), the chosen values should stretch them to levels 4 and 5.

In *Value Shift* Lynn Sharp Paine, the John G. McLean Professor at the Harvard Business School, states that a CEO’s reasons for embracing values tend to cluster in four main areas:

- Reasons relating to risk management
- Reasons relating to organizational functioning
- Reasons relating to market positioning
- Reasons relating to civic positioning.

She states that a fifth theme is that CEOs simply believe that it is the right thing to do. They believe that there is inherent worth in the values they are seeking to encourage.<sup>9</sup> We have found from carrying out hundreds of cultural values assessments that this is true. This intuitive response is backed up by solid evidence that shows living your values builds bottom-line success. Lyn Sharp Paine sets out a new value proposition that convincingly links high ethical standards with outstanding financial results.<sup>10</sup>

The next step is to identify the behaviors that support the chosen values. Once again, the cultural values assessment helps craft these statements. See the following examples.



# Whole System Approach to Cultural Transformation

Trust	Is open and candid in all relationships, cooperates with colleagues to achieve common goals, inspires commitment through living the values
Innovation	Introduces new ideas that support continuous improvement, empowers team members to bring forth their ideas, encourages creative teamwork for improving performance

The behavior statements are written in such a way that they can be easily used in some form of performance monitoring process. They can also be used in the Leadership Values and Behaviors Assessment (LVBA). The feedback from this assessment provides a measure of the compliance of the leaders to the both the espoused values and their associated behaviors.

Once the values have been chosen, the technology we use to identify the behaviors associated with the values is known as Appreciative Inquiry.

## STEP 4: EVALUATE ORGANIZATIONAL RESILIENCE

Before completing the preparation phase it is important to examine the long-term sustainability of the organization by carrying out a baseline evaluation of the organization's resilience. The objective is to find ways to enhance the organization's ability to withstand shocks and anticipate risks – find ways to build its adaptive capacity.

In *Corporate Culture and Performance*<sup>11</sup> Harvard Business School researchers Kotter and Heskett stress the importance of adaptive cultures.

*In adaptive culture entails risk-taking, trusting, and a proactive approach to organizational and individual life. Members actively support one another's efforts to identify all problems and implement workable solutions. There is a shared feeling of confidence: the members believe, without a doubt, that they can effectively manage whatever new problems or opportunities will come their way. There is widespread enthusiasm, a spirit of doing whatever it takes to achieve organizational success. The members are receptive to change and innovation.*<sup>12</sup>

The focus of Steps 1 through 3 in the whole system change framework is to identify the parameters that will support the building of enterprise-wide cultural resilience. The focus of Step 4 is to identify the parameters that support the building of enterprise-wide *structural* and *operational* resilience. To this end, the baseline resilience assessment should include a whole system mapping of the organization's operational footprint, including critical network alliances, core business value chains, key business processes, strategic operational nodes, critical operational nodes, important assets, historical



# Whole System Approach to Cultural Transformation

threats, and current high impact risk issues associated with key business areas. The objective is to assess the organization's core capabilities with regard to managing both historical risk patterns and current low probability, high-impact risks that may not yet be on the organization's radar screen.

## **STEP 5: DEVELOP COMPELLING REASONS FOR CHANGE**

It is important before starting a process of whole system change involving cultural transformation that the Chief Executive and the Board have compelling reasons for change. There must be a clear understanding among the executive population, managers and staff why the organization is embarking on a whole system change process. The establishment of the compelling reasons for change begins at Step 1 and is not completed until the end of Step 4. It is a process of ongoing discovery as the organization takes a hard look at itself in the mirror.

For unsuccessful companies, who are suffering from low performance, the compelling reasons for change are usually obvious. The cultural issues that underlie the poor performance can easily be identified from the results of the cultural values assessment. A convincing link must be made between the performance issues and the cultural issues. Usually, this is not difficult to do. The CEO and the leadership team should present a clarifying story so the reasons for the whole system change effort are clearly understood and the support of the executive and employee populations can be enlisted.

For successful companies, the compelling reasons for change are not usually about improving *current* performance; they are more about how they can position themselves to take advantage of *future* opportunities and build long-term resilience and sustainability.

The results of an organization-wide cultural values assessment provide significant inputs for the storyline of the compelling reasons for change, particularly when the cultural entropy of the organization is over 20%. Ultimately, the compelling reasons for change must be so convincing that they unite everyone behind the whole system change process. The change process must be grounded in reality and driven by realistic optimism that provides the employee and executive populations with a hope for a better future.

## **STEP 6: SURVEY OF WORLDVIEWS AND KEY DRIVERS**

The final step in developing a whole system change implementation strategy is to identify the worldviews and key drivers of the employee population. The purpose of this diagnostic is threefold:



## Whole System Approach to Cultural Transformation

- a) to customize the design of the communications surrounding the whole system change initiative, particularly the compelling reasons for change, so that they align with the worldviews and key drivers of the employee and executive populations.
- b) to customize the methodology and content of the cultural transformation program so that they too align with the underlying drivers and worldviews of the employee population, and
- c) to provide executives and managers with personal feedback for coaching purposes.

The diagnostic tools used to uncover the worldviews or key drivers of the executive and employee population are the Spiral Dynamics assessment instruments. These instruments identify the degree of acceptance and rejection of eight basic worldviews. The following table provides an overview of the eight worldviews. Each worldview is represented by a color. The “beige” worldview (instinctive and focused purely on physiological survival) is mainly confined to isolated bands living in the most remote parts of the Earth and is not generally included as an option in the Spiral Dynamic diagnostic tools. It is included here [see next two pages] for the sake of completion.



# Whole System Approach to Cultural Transformation

Worldview	Beliefs	Key Drivers/Personal Descriptors
TURQUOISE Holistic/ Whole System	Self is both distinct and a blended part of a larger, compassionate energetic whole. Everything connects to everything else in a harmonious ecological balance. Energy and information permeate the Earth's total environment. There is an underlying order to chaos. The world is a single, dynamic organism with its own collective mind. Holistic, intuitive and cooperative actions are to be expected.	I want to work on solving global issues for the sake of humanity and future generations. These problems can only be solved through multi-disciplinary approaches. Keep day-to-day problems in perspective – don't sweat the small stuff. Personally, I want to keep my life as simple as possible. We need time for daily personal reflection so that we can be responsive to what wants to emerge.
YELLOW Intellectual/ Integrative	Life is composed of complex natural hierarchies and systems. Competence, flexibility, spontaneity and functionality have the highest priority. Make choices based on what is most appropriate to the situation and conditions. Understand that chaos and change are natural. Difficulties are opportunities for learning. I can only improve my life if I improve life for everyone.	It is important to bring understanding to complexity. Solving complex problems is important to me and helps society evolve. Give me space for free thinking and systems analysis. Living my values is more important than gaining material possessions. My life and my work are unified. I need to keep the big picture in mind when solving everyday problems. I strive to increase my competence.
GREEN Egalitarian/ Social	The human spirit must be freed from dogma and divisiveness. Feelings, sensitivity, and caring should supersede cold rationality. Care for the Earth and spread resources and opportunities equally among all. Reach decisions through processes that emphasize reconciliation and consensus. We are all basically equal and share the same values.	I want to be an accepted member of the community. I need to communicate my feelings. It is important to pay attention to the feelings of others. Inequality and conflict should be avoided. We focus on the values we share. I seek opportunities for personal growth and development. It is important to have a spiritual outlook on life.
ORANGE Competitive/ Strategic	Change, competition and advancement are inherent with the scheme of things. Optimistic, risk-taking and self-reliant people deserve success. We prosper through the appropriate use of strategy and technology. We progress by learning nature's secrets and seeking out the best solutions for humans. Manipulate the Earth's resources to create and spread the abundant good life.	I learn new things so I can outsmart the competition and be more successful. We need to measure progress. Make me accountable and I will deliver the results. Do the research and give me the numbers. What's the plan of action? I take calculated risks to get what I want. I bend the rules if necessary. I grab opportunities when they arise. Winning is important. Keep a sharp eye on competitors.
BLUE Organizing/ Hierarchical	Bring order to chaos so that our collective lives can be improved. Sacrifice self to the transcendent cause. Sacrifice now in order to reap future rewards. Enforce codes of conduct based on tried and tested principles. Control impulsivity through guilt. Everyone has his or her proper place in society. Laws, regulations and discipline are necessary for order and build character and moral fiber.	We see benefits for everyone in obeying the rules. We keep our systems and processes functioning and well maintained. We are loyal and true to the cause. Loyalty will ultimately be rewarded by advancement in status. We keep our world in order through self-discipline. We like to finish what we start and keep things orderly. We act responsibly within the framework of rules and regulations that govern our



# Whole System Approach to Cultural Transformation

		status within the hierarchy.
RED Power/ Impulsive	The world is a jungle full of threats and predators, so be cautious and scheming in the way you deal with the world. It is important to break free from domination or constraint so I can please myself as I desire. Enjoy self to the fullest right now without guilt or remorse. Stand tall, demand respect and call the shots. Conquer, out-fox and dominate those who could threaten my control and want what I have got.	I have to dominate to stay on top. I will have more power and get more respect if I can build my empire or enlarge my silo. It is difficult to trust those that are not in my circle. I am always alert to potential dangers. I sometimes react impulsively to satisfy my personal desires. I seek respect from peers but don't give a damn what anyone else thinks. I think it is important to avoid shame.
PURPLE Tribal/ Sacrifice	The world we live in is basically unsafe. We can live safely if we stick together in the confines of our "tribe." The group is always more important than the individual. Demonstrate allegiance to those who are responsible for the wellbeing of the tribe or "family." Preserve traditions and rituals to stay in harmony with the natural cycles of life on which we are dependent for our existence. Pay attention to the magic and mystical signs that emanate from the spirit world.	We stay close to those that we regard as family. We are loyal and faithful to those who protect our interests. We are willing to sacrifice our needs so that we can be part of a group that offers us protection. We look forward to the times we spend together in celebration and ritual because it strengthens our "family" ties. We tend to be superstitious when strange things happen that don't have a logical explanation. We are suspicious of strangers.
BEIGE Instinctive/ Survival	Survival is what life is about. Food, water, warmth, sex and safety have priority over all else. Become part of a band in order to perpetuate life and survive. Live "off the land" opportunistically.	I stay alive by satisfying the physical urges of the body as and when I can. I stick with what works and develop life-preserving habits that increase the chances of my survival.

There are two more points I want to make about worldviews.

Consultants and change agents that design cultural transformation programs for organizations and support leaders in implementing whole system change projects should be self-actualized individuals who are anchored in yellow, and have mastered orange, blue and green thinking. The ability to see and appreciate the interplay of the different worldviews is essential. This is impossible without a yellow perspective. Those who are anchored in purple through green are unable to see the big picture because they cannot detach sufficiently from their worldviews. Their sense of identity is so wrapped up in their belief structures that they are unaware of their cultural myopia. This is why one needs to be anchored in yellow to appreciate where people are and help them to get where they want to go.

Finally, it is important to recognize that the eight worldviews are evolutionary in nature. They are complex, adaptive intelligences that have developed in response to life conditions. The worldviews follow and build on each other (transcend and include) enabling individuals to deal with increasingly complex life conditions and environments.



## Whole System Approach to Cultural Transformation

It should also be noted that red, orange and yellow are individual worldviews, and purple, blue, green and turquoise are community worldviews. A top team composed of individuals anchored mainly in the individual worldviews will have difficulty coalescing: they will be focused on power, winning and using their intellects to get what they personally want. A top team composed of individuals anchored mainly in community worldviews will have difficulty adapting to new challenges: they will get bogged down in tradition, rules, and consensus.

### **STEP 7: DEVELOP AN IMPLEMENTATION STRATEGY**

A strategy is a plan for achieving a specific outcome. It keeps everyone moving in the same direction towards the same goal. At this point in the whole system change initiative the CEO and leadership team have sufficient information to develop a detailed implementation program. They have compelling reasons for change; they have customized this communication so that it aligns with the worldviews and key drivers of the executive and employee population; they have a clear sense of collective direction – the vision and mission; they know their cornerstone values or principles; and they have a set of operational values and behaviors that guide their day-to-day decision-making and actions.

Now, the consultant/change agent must assist the CEO and leadership team in making the vision, mission, values and behaviors pervasive throughout the culture. As discussed in the previous chapter, there are three major components to the change process – personal alignment, group cohesion (values alignment and mission alignment) and structural alignment.

The purpose of the personal alignment and group cohesion programs is to kick start the whole system change process by focusing on the values alignment and mission alignment of the top team and the teams that report to the members of the top team. This group usually comprises between 50 and 100 executives. These executives are the guardians of the culture. They are the ones who must walk the talk if the culture is to change. Without their whole-hearted support there will be no whole system change and no cultural transformation.

In larger organizations, it will be necessary to take the personal alignment and group cohesion programs further down the executive chain. For budget reasons, the personal alignment and group cohesion programs usually morph into a shorter, less resource-intensive values awareness programs as you move down the hierarchical chain of command (see Stage 14).

It is important not to get locked into “the one right way” of implementing whole system change. There are many paths to the summit. The most



## Whole System Approach to Cultural Transformation

important rule is you have to begin where people are if you are going to lead them to where they want to go.

### **STEP 8: DEVELOP OBJECTIVES AND KEY PERFORMANCE INDICATORS**

Measurement matters. It is vitally important to set targets for the whole system change initiative: not just performance improvements, and bottom-line improvements, but also cultural and individual leadership improvements.

We can categorize key performance indicators into three types – “causal” – indicators that relate to values and behaviors; “output” – indicators that relate directly to performance such as efficiency and productivity; and “outcome” – indicators that relate to the end results such as profitability and shareholder value.

“Causal” targets are set for values and behavior improvement at both the group level (organization-wide and business units) and at the individual level.

Indicators of values and behavior improvement at the organization-wide and business unit level include: a decrease in cultural entropy, a reduction in potentially limiting values in the top ten current culture values, an increase in the alignment of personal values with the current culture values, and an increase in the alignment current culture values with desired culture values. All of these indicators are provided by the cultural values assessment.

Indicators of values and behavior improvement among the leaders and executive population include: a decrease in personal entropy generation (fear-based behaviors), a reduction in potentially limiting values, an increase in the number of matching values between the assessors and assessee, and a shift toward full spectrum leadership consciousness. All these indicators are provided by the Leadership Values and Behavior Assessment.

“Output” targets refer to indicators of performance improvement such as productivity, efficiency, quality, innovation, creativity, and employee and customer satisfaction. These are lead indicators for the satisfaction of the outcome targets.

“Outcome” targets refer to indicators of business improvement such as market share, profitability and shareholder value.

The basic premise is that changes in values and behaviors lead to performance improvements (outputs), which in turn lead to business improvements (outcomes).

Referring to the four-quadrant diagram, what we want to create are shifts in the internal quadrants of the individual and collective (shifts in intentions)



## Whole System Approach to Cultural Transformation

that result in shifts in the external quadrants of the individual and collective (shifts in behaviors).

Organizations have been measuring output and outcome KPIs for decades, usually as part of a balance scorecard program – output targets are usually referred to as “lead” indicators and outcome targets are usually referred to as “lag” indicators.

What is new and significant is the ability to accurately measure, against baseline data, year-by-year changes in the Causal KPIs at the group and individual levels using the results of the CT Tools cultural values assessment and the leadership values and behaviors assessment instruments. Measuring and mapping the values of an organization and individual leaders on a regular basis to monitor and guide cultural change is known as values-management.

Values-management begins with the baseline cultural values assessment at the start of the whole system change process. A second “reading” of the culture to map the changes in values is usually carried out once the implementation phase of the whole system change process is well underway – approximately 12 months after the first cultural values assessment or 6 months after the start of the implementation phase. Organizations that practice values-management generally monitor their cultures every 9 to 12 months. It is desirable to monitor the values/behaviors of the executive population more frequently.

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### Implementation Phase

The implementation phase, shown diagrammatically in Figure 3, can take between 1 to 3 years depending on the size of the organization, the demands of other ongoing initiatives, budget restraints, and the appetite and commitment among the leadership group and executive population for whole system change.

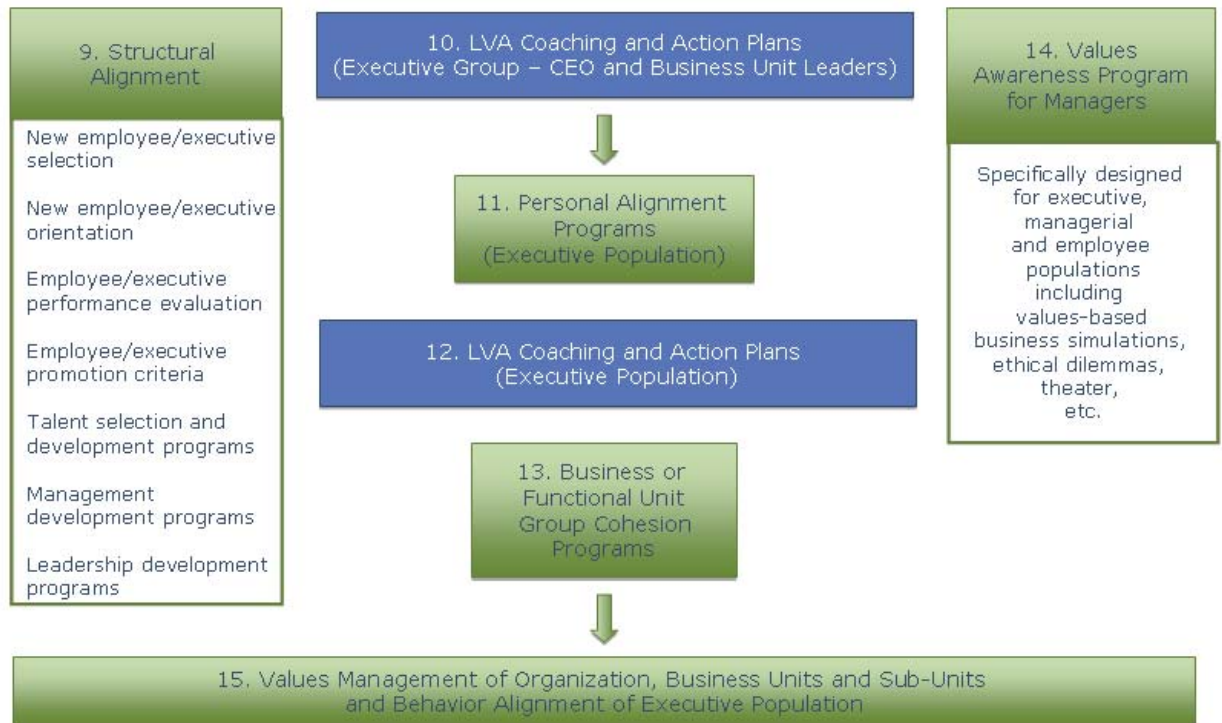
The implementation process begins with the definition of the content of the structural alignment process; and, the definition and design of the personal alignment, group cohesion and values awareness programs.



# Whole System Approach to Cultural Transformation



## Whole System Change: Implementation Phase



### STEP 9: STRUCTURAL ALIGNMENT

The purpose of the structural alignment program is to reconfigure the systems and processes of the organization so that they align with the vision, mission, values and behaviors of the organization. These processes form the underlying formal and informal behavioral reward systems that support the culture. They have a long-term impact on the culture because they are a materialization of “how things are done around here.” The systems and processes that may need to be reconfigured are:

- New employee/executive selection
- New employee/executive orientation
- Employee/executive performance evaluation
- Employee/executive promotion criteria



## Whole System Approach to Cultural Transformation

- Selecting talented performers for fast track development
- Leadership development programs
- Management training programs
- Values awareness programs

In large organizations, the structural alignment changes can take up to 2 to 3 years to implement.

It also is useful at this stage to develop programs that directly address specific limiting values in the current culture such as a bureaucracy elimination program and/or an accountability promotion program.

### **STEP 10: LEADERSHIP VALUES AND BEHAVIORS ASSESSMENT OF THE SENIOR EXECUTIVE GROUP (CEO AND DIRECT REPORTS), COACHING AND ACTION PLANS**

The first task of any cultural transformation program is to support the leadership team in living the values and behaviors. They must walk the talk, and they must display visible signs of changes in their behaviors if they are to avoid criticism and cynicism from the employee population.

The most common problem that leadership teams display is a lack of cohesion. Most often this is because they don't trust each other. Furthermore, there is no sense of shared mission and very few shared values. This results in silo-mentality or empire building where leaders compete with each other for resources and power and there is very little sense of group cohesion or working for the common good. On the contrary, what we see in these situations is a strong focus on self-interest.

After the leadership team has spent several days together working on the vision, mission, values and behaviors (see Steps 2 and 3), they have generally begun to develop a greater sense of unity and respect for each other. The Four Whys process brings the team together as they explore their collective values, their core motivations and get clear on the core business of the organization.

It is at this point we utilize the Leadership Values and Behaviors Assessment instrument together with a two-hour individual coaching session to help the leadership team shift their behaviors. At the end of the coaching session each member of the leadership team prepares a personal development plan that they share with each other in a behavioral alignment workshop. They then commit to meeting again with each other in 6 to 8 weeks to share progress



## Whole System Approach to Cultural Transformation

with each other and offer constructive feedback. Through this process we are in effect making personal transformation mutually accountable.

The results from this process are almost instantaneous. We have seen the most hardened business types and bureaucrats begin to adopt new behaviors within days or weeks. There will always be a small percentage of people who find behavior change difficult or who are not significantly impacted by this process. These are usually people with deeply engrained limiting beliefs. To get past these difficulties, these people should be assigned a personal coach. Sometimes, with regular coaching, breakthroughs occur. Sometimes they don't. Those who cannot adjust will leave, often under their own volition.

### **STEPS 11, 12 AND 13 - PERSONAL ALIGNMENT PROGRAMS WITH THE EXECUTIVE POPULATION, GROUP COHESION PROGRAMS IN INTACT TEAMS OF BUSINESS OR FUNCTIONAL UNITS AND SUB UNITS AND LEADERSHIP VALUES AND BEHAVIORS COACHING WITH THE EXECUTIVE POPULATION**

These three programs (personal alignment, group cohesion, individual coaching) reinforce each other in bringing about a shift in the individual and collective behaviors of the executive population. While the purpose of these programs is always the same, the content may change depending on the worldviews and key drivers of the executive population.

The focus of the personal alignment program is to support the executive population in their self-actualization. The leaders need to know themselves and to understand their core motivations. They need to identify their strengths, limiting beliefs and future aspirations. They need to learn how to confront conflicts and how to challenge others, as well as how to communicate effectively, and how to trust each other, release judgments, and give and take feedback.

When people leave the personal alignment program they are different from when they came in. They will have a clearer and more positive outlook of themselves and their work environment, a better understanding of themselves, and greater confidence and effectiveness in dealing with others.

Personal alignment programs can involve individuals from all parts of the organization because the focus is on self, not on the team. Alternatively, the personal alignment workshops can be carried out in intact teams – the top teams of the direct reports of the CEO, or the business unit or functional unit top teams and the top teams of the sub-units. The objective is to have as a minimum the top three layers of the executive population experience this program.



## Whole System Approach to Cultural Transformation

We build the bridge from personal alignment to group cohesion by having each individual who has experienced a personal alignment workshop carry out a Leadership Values Behavior Assessment similar to the top team. We want them to get feedback from their peers, subordinates, and managers on their operating values and their degree of alignment with the organization's espoused values and behaviors. We want them to see how they are coming across to others and how well they model the organization's values. This process involves a two-hour coaching session and the preparation of a personal development program. Team members share their personal development programs with each other at a behavioral alignment workshop. To save costs, the coaching sessions are sometimes carried out in small groups. The CEO and his or her top team receive individual personal coaching as part of their feedback from the LVBA.

The main purpose of the group cohesion workshop is to build trust, focus, clarity and coherence among the team members. Team members who have experienced the personal alignment workshop and have prepared a personal development program come together in their intact teams to co-create a community of equals aligned around a shared vision, a shared mission and shared values.

The group cohesion workshop helps each individual to understand how to work with group dynamics, and see how his or her personal sense of mission and how it aligns with the overall vision and mission of the group. Participants leave the group cohesion program knowing clearly how their own sense of personal mission supports the organization's vision and mission. Without a clear line of sight between one's personal mission and the vision or mission of the organization there can be no group cohesion, no commitment and no enthusiasm. When we find meaning in our work we give our all.

The starting point of the group cohesion workshop is to provide the intact team with feedback on the degree of alignment between the current and desired culture of their business or functional unit – output from the CT Tools cultural values assessment. We want them to see their collective strengths, and to understand the gaps between where they are now and where they collectively want to be. They need to know that they are collectively accountable for making this change. In addition to the group result, individual results are provided for each member of the team. The results of these assessments for each business and functional unit are essential for establishing a baseline from which progress can be measured against the performance improvement plan. The content of the group cohesion workshop is customized for each business unit based on the results of the cultural values assessment.



## Whole System Approach to Cultural Transformation

The group cohesion programs needs to begin with the top teams and cascade down through each of the business or functional units to at least the third layer of management. In small organizations, it may only be necessary to focus on the top echelons of management.

In large organizations, the depth to which we take the personal alignment and group cohesion programs depends to a large extent on the results of the CT Tools cultural values assessment.

The results of the CT Tools cultural values assessment are also used to determine the priority order of business units to be taken through the personal alignment and group cohesion programs. We would focus on: (a) the groups with the highest levels of cultural entropy, and (b) the groups with the most energy for this work. What we are looking for are some early and significant wins to create a buzz of excitement in the organization.

### **STEP 14: VALUES AWARENESS PROGRAM**

At whatever level we stop the cascade of the personal alignment and group cohesion programs, we replace it with a “value awareness” program and cascade it through the rest of the organization. The values awareness program is usually designed in two formats, a 1 or 2-day program for managers and a half-day or full-day intervention with staff. For staff it can be an extended meeting that forms part of their normal interactions with their managers or a one-day workshop specifically designed for each business or functional unit. In all cases, the values awareness program starts with an introduction by someone at least two levels senior to the group, who explains the compelling reasons for change, outlines the vision, mission, values and behaviors, explains the proposed structural alignment changes, and specifies the objectives and specific targets for the key values management performance indicators.

The purpose of the values awareness workshop is to begin to inculcate the vision, mission, values and behaviors among the management population and employee base. Apart from the informational content, the program needs to give the participants the opportunity to explore their own values and understand the concept of values-based decision-making through the discussion of ethical dilemmas or through a business simulation exercise.

One of the tools we have developed to raise managers’ awareness of values-based decision-making is the Values-Based Leadership: Business Simulation.

Teams of 4 to 5 are given the task of turning around an ailing company that is rapidly losing customers due to poor product quality and customer service. The results of a cultural values assessment showing the top ten current values of the company plotted against the Seven Levels of Consciousness



## Whole System Approach to Cultural Transformation

model and Business Needs Scorecard are provided to the team at the start of the simulation so they can understand what is working and not working in the company culture.

The team's job is to bring the company back to profitability by building a values-driven culture that supports employee fulfillment, customer satisfaction, and shareholder value.

Every quarter, over a period of four years, the team has to: a) choose from a list of 23 projects, an initiative that will support the development of the company, b) respond to random events that take place in the company, in the market place, and in society, c) allocate overhead and production costs, and d) collect revenues from customers. At the end of each year the team produces a profit and loss account to see how well they have done.

Every decision the team makes shows up as a value on the simulation board in the Seven Levels of Consciousness model and the Business Needs Scorecard. If the team chooses the right projects and responds appropriately to the events, they are able to build a profitable, full-spectrum organization with positive values at each level of consciousness and in every category of the Business Needs Scorecard.

The projects they choose from include: investment in quality improvement, reengineering, team building, performance feedback, employee health and safety, customer relationship management, cultural transformation, social responsibility, work/life balance, strategic alliances, etc.

The events they have to deal with include topics such as brand image, corruption, promotion criteria for managers, quality improvement, removing layers of hierarchy, staff reduction, minority issues, environmental and human rights issues, etc.

The group dialogue that the simulation generates exposes the values that lie behind the team's decisions. It is clear at the end of each year how the team's values affect the culture, and how the culture affects business performance.

A short feedback/learning session occurs at the end of each year of the simulation, and a longer feedback/learning session takes place at the end of the simulation. The business simulation takes about 6 hours and usually involves groups playing in teams of four. The generic version of the business simulation is available in multiple languages.

The Values-Based Leadership Business Simulation is customizable for specific industries and specific company situations. The starting point of the simulation can be based on the results of an actual cultural values



## Whole System Approach to Cultural Transformation

assessment, and the events and projects can be designed to replicate industry-specific issues.

The simulation is also being used in universities to expose mature business students to the experience of values-based decision-making in running a company. More information about this business simulation can be found at <http://www.valuescenter.com/leaders/vbl.htm>.

Another highly effective way of creating values awareness is to use theater, or theatrical techniques to illustrate through humor and story telling the dysfunctional behaviors of the current culture. Drama, as an art form, distills the scattered events and motives of organizational life into a compelling story that holds up a mirror up to the system. When leaders, managers and staff are able to step outside their situation and see their own story, they have a chance to feel the weight and see the humor of their dysfunctional behaviors. They also have a chance to redirect the actors in such a way as to act out the values and behaviors of their desired culture. This demonstration of the undesirable behaviors and the modeling of the behaviors that support the desired culture can have a significant impact on shifting the culture of the organization.

Finally, it is important to recognize that in some situations the values awareness program should precede the personal alignment and group cohesion programs with appropriate adjustments to the latter programs based on the content covered in the values awareness program. The main reason for this is to introduce and ground the concept of values-based decision-making among the executive population. This is especially true when working with financial institutions where the belief-based “orange” competitive/strategic drive dominates. Where the “green” egalitarian/social or the “yellow” intellectual/integrative drives are dominant, there is more understanding of values-based decision-making and more openness to embrace such concepts.

The last step of the whole system change implementation process is to measure the results and develop a program of values-management. This is step 15 in Figure 3.

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### The Author

Richard Barrett is the Founder and Chairman of the Barrett Values Centre. He is an internationally recognized author, consultant and keynote speaker on values-based leadership.

Barrett works with CEOs and senior executives in North and South America, Europe, Australia, and Asia to develop vision-guided, values-driven



# Whole System Approach to Cultural Transformation

organizational cultures that strengthen financial performance, build cultural capital, and support sustainable development.

He is the creator of the internationally recognized Cultural Transformation Tools (CTT), which have been used to support more than 1000 organizations in 42 countries in their transformational journeys.

Barrett is the author of *A Guide to Liberating Your Soul* (1995), *Liberating the Corporate Soul: Building a Visionary Organization* (1998), and *Building a Values-Driven Organization: A Whole System Approach to Cultural Transformation* (2006).

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